



THE CHARITABLE IRA

Last Chance

Congress passed the Pension Protection Act of 2006 (PPA) and, while most of the new law is about strengthening the retirement system, one significant change offers individuals new opportunities for tax-free giving. For the 2006/2007 tax years, Congress is allowing persons 70 ½ years of age with Traditional or Roth IRAs to make tax-free gifts directly to their charity of choice. They must be qualified charities such as the United Methodist Church. Donors may elect to make IRA gift transfers up to \$100,000 per year (up to \$200,000 per year for couples with separate IRA's). Be aware that donor advised funds, private foundations, and supporting organizations are disqualified from receiving these IRA gifts.

Why is this such a tremendous opportunity? Because it addresses the financial concerns of many seniors. Individuals who are 70 ½ must make Required Mandatory Distributions (RMD) from their IRA accounts. Failure to do so results in a 50% penalty of the RMD amount. These Traditional IRA distributions are taxable, and in some cases push the retiree into a higher tax-bracket and possibly make social security benefits taxable. Additionally, the IRA assets can be taxed twice: first for estate tax, second for income tax. Gifting these IRA assets removes them from the estate and reduces taxes. In many cases donors wait to make both their required IRA distributions and major charitable gifts in November and December. Under the new tax law, donors can make a gift of their required distribution therefore fulfilling the requirement of the IRS and their charitable intentions. Donors must make the transfer directly from their IRA account to the charity. Remember, if the IRA distribution is made to an individual, it will be reported as income on the 1099 form, and will be subject to tax.

For many individuals and families, the largest non-real estate asset is their IRA account. This new law presents a wonderful opportunity to be generous with IRA assets:

- ◆ Making a gift to a capital campaign
- ◆ Establishing an endowment
- ◆ Creating a matching gift to challenge others to meet a campaign goal

To be in compliance, you must complete the gift transfer prior to December 31st of this year. Please contact your advisor, as everyone's situation is different. As always, your United Methodist Foundation of New England will be pleased to assist you in any way possible. For more information about gifts that provide life-time income, or the charitable IRA, please contact: Gary Melville, Director of Development 800-595-4347 ext.103, or e-mail gary@umfne.org.

"FAITH & MONEY"

A Year-Round Comprehensive Financial Stewardship Ministry



Here's What Folks are Saying...

- "All of the sessions were extremely helpful and informative. Very well thought out, timely and a "must" for all clergy and churches. Appreciate your time and effort."
- "Excellent financial presentation...from Christian perspectives..."
- "Communicating the importance of giving and connecting it to church mission and ministry."
- "Very helpful in getting our church's team to talk and plan."

Upcoming "Faith & Money" District Training Events

NME District: Saturday, October 20, 2007

Stetson Memorial UMC, Patten, ME

NH District: Saturday, October 27, 2007 (Postponed)

Wesley UMC, Concord, NH

MME District: Saturday, November 17, 2007

Green Street UMC, Augusta, ME

CMA District: Saturday, January 19, 2008

Wilmington UMC, Wilmington, MA

RISEM District: Saturday, February 9, 2008

Plymouth UMC, Plymouth, MA

COMING SOON!



A Wesleyan View of Stewardship by Bishop Kenneth Carder

The United Methodist Foundation of New England is delighted to announce that we have acquired permission to make available to all churches in the New England Conference this new stewardship resource entitled "Living for Giving" by Bishop Kenneth Carder. We believe this resource, using the "Disciple Bible Study" format with video, study guide/workbook and life applications, will be a great complement to the "Faith & Money" ministry. We had used Bishop Carder's insights on Wesleyan theology of stewardship in developing our "Faith & Money" ministry; it is gratifying to now have this additional resource to offer to our churches.

MORE INFO AVAILABLE SOON
at www.umfne.org